

House Engrossed

State of Arizona
House of Representatives
Forty-fifth Legislature
Second Regular Session
2002

CHAPTER 43

HOUSE BILL 2276

AN ACT

AMENDING SECTION 23-963.01, ARIZONA REVISED STATUTES; RELATING TO WORKERS' COMPENSATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 23-963.01, Arizona Revised Statutes, is amended to
3 read:

4 23-963.01. Policies with deductible coverage

5 A. Notwithstanding the provisions of section 23-963, an insurance
6 carrier authorized to transact workers' compensation insurance in this state
7 may offer deductible coverage to employers. Deductible coverage shall be
8 effected by attaching a benefits deductible endorsement to the policy. THE
9 ENDORSEMENT SHALL SPECIFY WHETHER LOSS ADJUSTMENT EXPENSES ARE TO BE TREATED
10 AS ADVANCEMENTS WITHIN THE DEDUCTIBLE TO BE REIMBURSED BY THE EMPLOYER. The
11 policyholder exercising the deductible option shall choose only one
12 deductible amount. Premium reductions for deductibles shall be determined
13 before application of any experience modification, premium surcharge or
14 premium discount. If an insurance carrier offers deductible coverage to an
15 employer, the employer shall submit a certified copy of the employer's most
16 recent financial statement to the insurance carrier to justify the deductible
17 amount the employer chooses. The insurance carrier shall retain a copy of
18 the financial statement for three years.

19 B. Any compensable claim for benefits shall be paid by the
20 carrier. The employer shall reimburse the carrier for any deductible amounts
21 paid by the carrier. The employer is liable for reimbursement up to the
22 limit of the chosen deductible. The payment or nonpayment of deductible
23 amounts by the insured employer to the carrier shall be treated under the
24 policy in the same manner as payment or nonpayment of premiums.

25 C. The nonpayment of deductible amounts by the insured employer to the
26 carrier under subsection B of this section shall not relieve the insurance
27 carrier from payment of compensation for injuries or death sustained by an
28 employee during the period of time the agreement, contract or policy was in
29 effect. No agreements, contracts or policies providing deductible amounts
30 for workers' compensation coverage shall be terminated retroactively for
31 nonpayment of deductible amounts.

32 D. Losses subject to the deductible shall be reported and recorded as
33 losses for purposes of calculating rates for a policyholder on the same basis
34 as losses under policies providing first dollar coverage.

APPROVED BY THE GOVERNOR APRIL 17, 2002.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 18, 2002.

Passed the House February 12, 2002,

by the following vote: 59 Ayes,

0 Nays, 1 Not Voting

[Signature]
Speaker of the House

Norman L. Moore
Chief Clerk of the House

Passed the Senate April 10, 2002

by the following vote: 29 Ayes,

0 Nays, 1 Not Voting

[Signature]
President of the Senate

Chamion Billington
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor this

11 day of April, 2002

at 2:50 o'clock P M.

[Signature]
Secretary to the Governor

Approved this 17 day of

April, 2002.

at 4:31 o'clock P M.

[Signature]
Governor of Arizona

H.B. 2276

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this 18th day of April, 2002

at 2:22 o'clock P M.

[Signature]
Secretary of State